

national**grid**

DOING RIGHT NOW

investor**day**

New England

Stephen Woerner, President, New England

Carol Sedewitz, VP Electric Asset Management & Engineering, New England

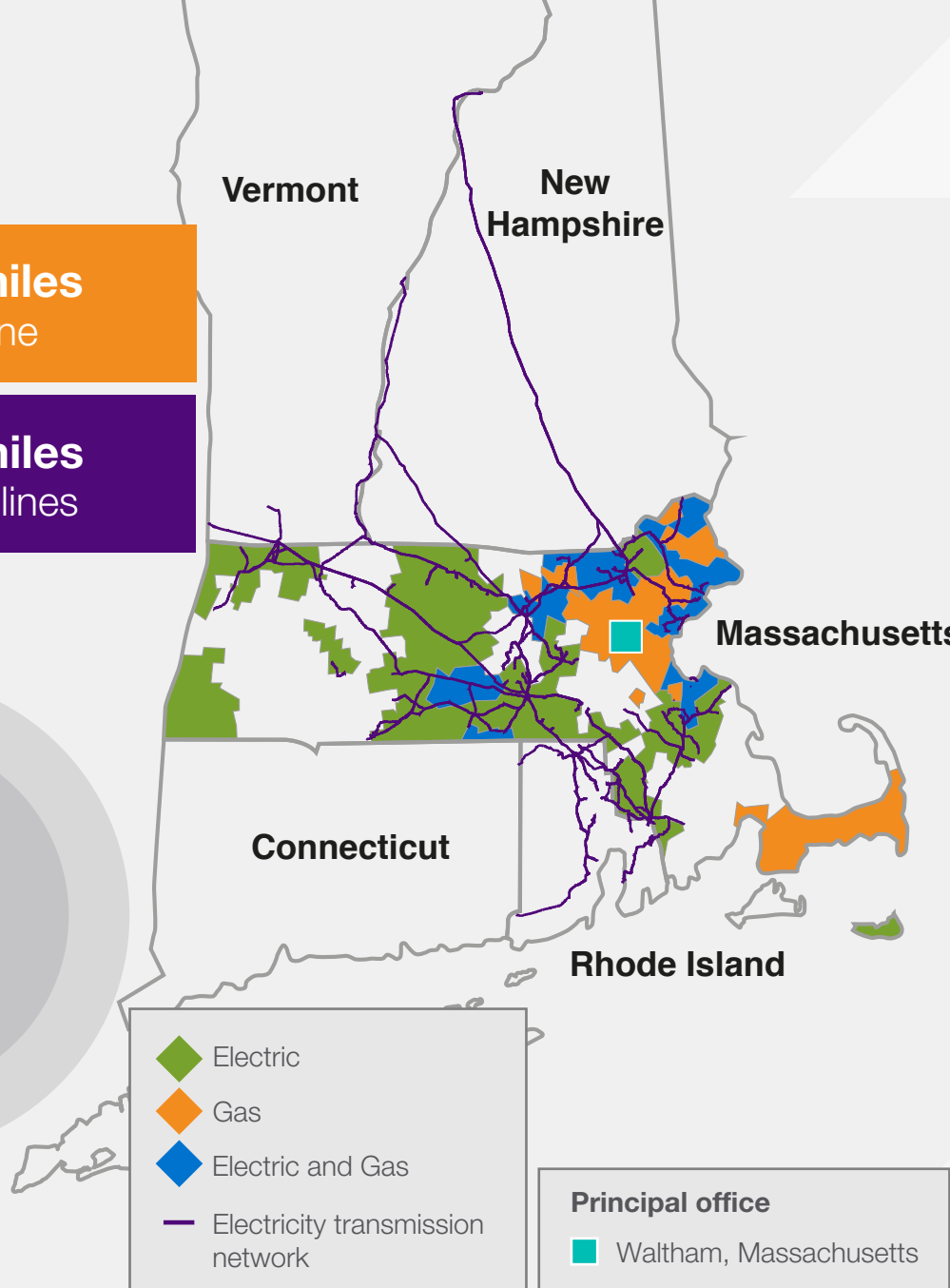
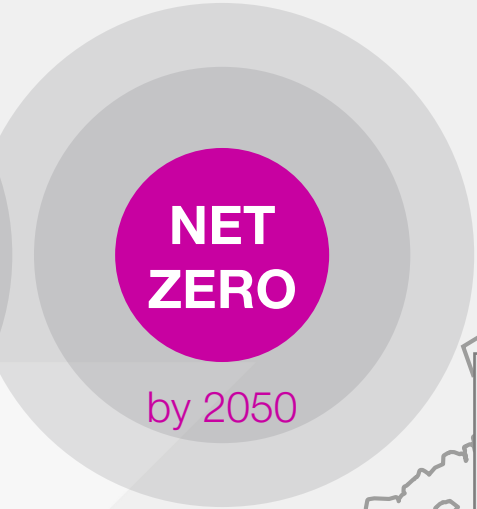
Welcome and overview

National Grid
New England
35%
of the NGUSA
business

11,000 miles
of pipeline

21,000 miles
of electric lines

MA state climate goals



2.2m
Customers

\$1.2bn
FY21 Capex

\$8.6bn
FY21 Rate Base

New England

How New England aligns to the Group 5-year financial framework:

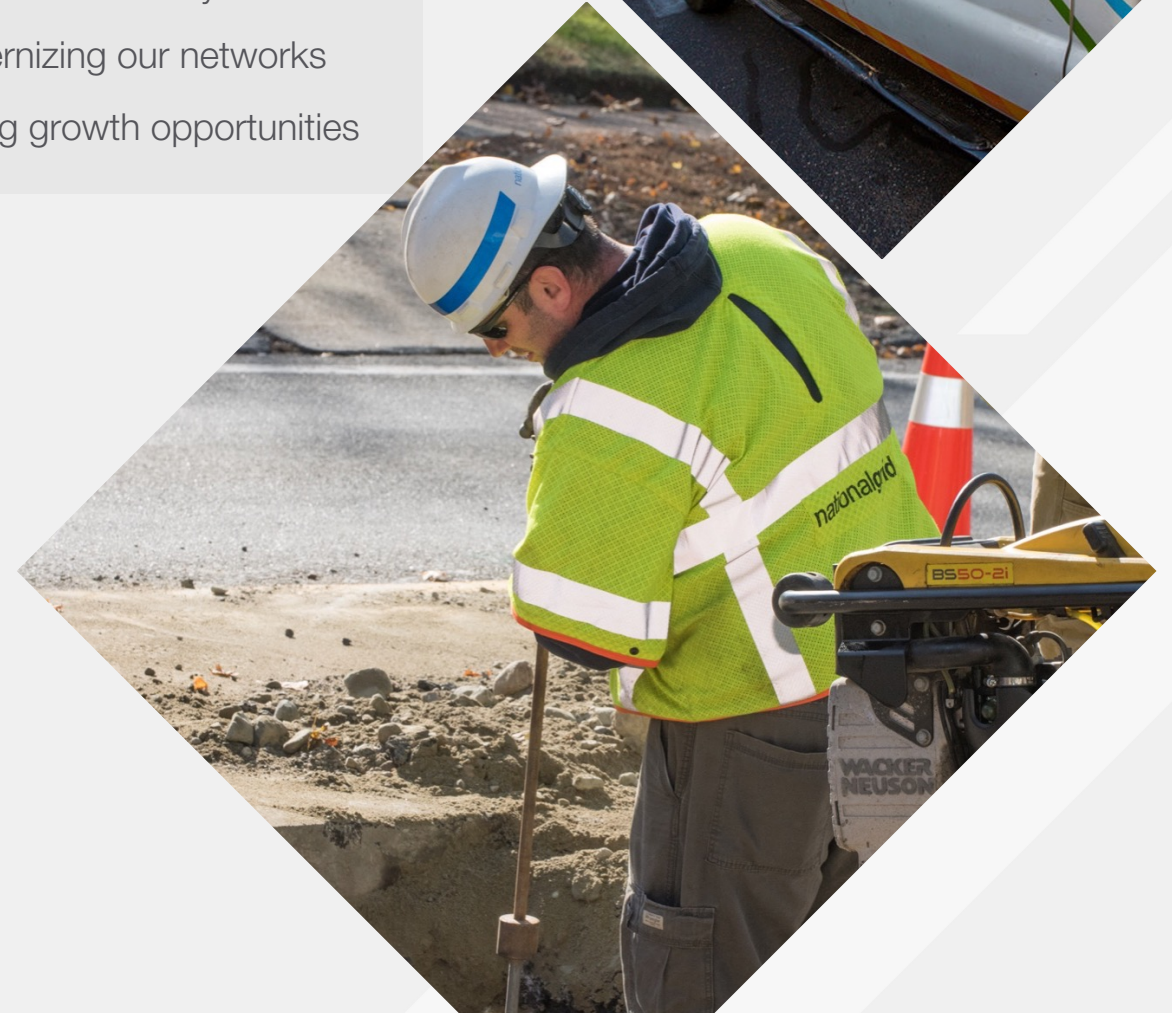
- > Capex spend of **\$10bn (£7bn)**
- > Rate base growth of **8% CAGR**
- > Earnings growth of **8% CAGR**

New rates for our distribution businesses:

- > Alignment with environmental aims
- > Good sight on delivering efficiencies
- > Capex visibility out to 2024 (electric) and 2026 (gas)

Delivered through:

- > Focus on efficiency
- > Modernizing our networks
- > Strong growth opportunities



Driving efficiency across the business

Efficiency is key to operational performance and customer affordability

New England share of Group efficiency programme – £125 million over 3 years

- > Minimise customer bill impact
- > Control costs
- > Perform against our regulatory allowances

Achieve this across gas and electric through:

- > Digitalising and automating our work processes
- > Enhancing work and asset management capabilities
- > Reducing external spend

Enabling us to deliver:

Investing affordably for our **customers**

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95%

ROE target
for shareholders

New England
£125m

UK ET
& NGV
£100m

New York
£175m



Our growth opportunities

Our sources of growth in New England



Gas Distribution

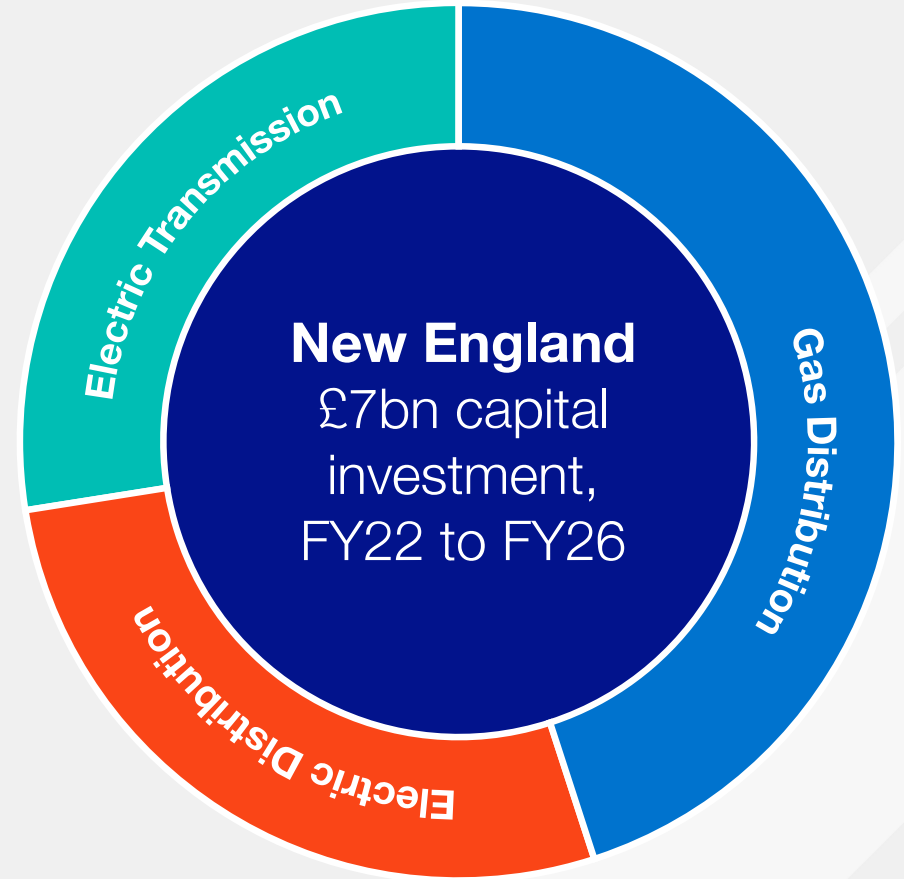


Electric Distribution



Electric Transmission

Crucial to delivering the **affordable energy** transition



Growth opportunities

Gas Distribution

Investing right now to enable the energy transition

> 40% of investment will be in **gas distribution**

> Capex agreed with regulators

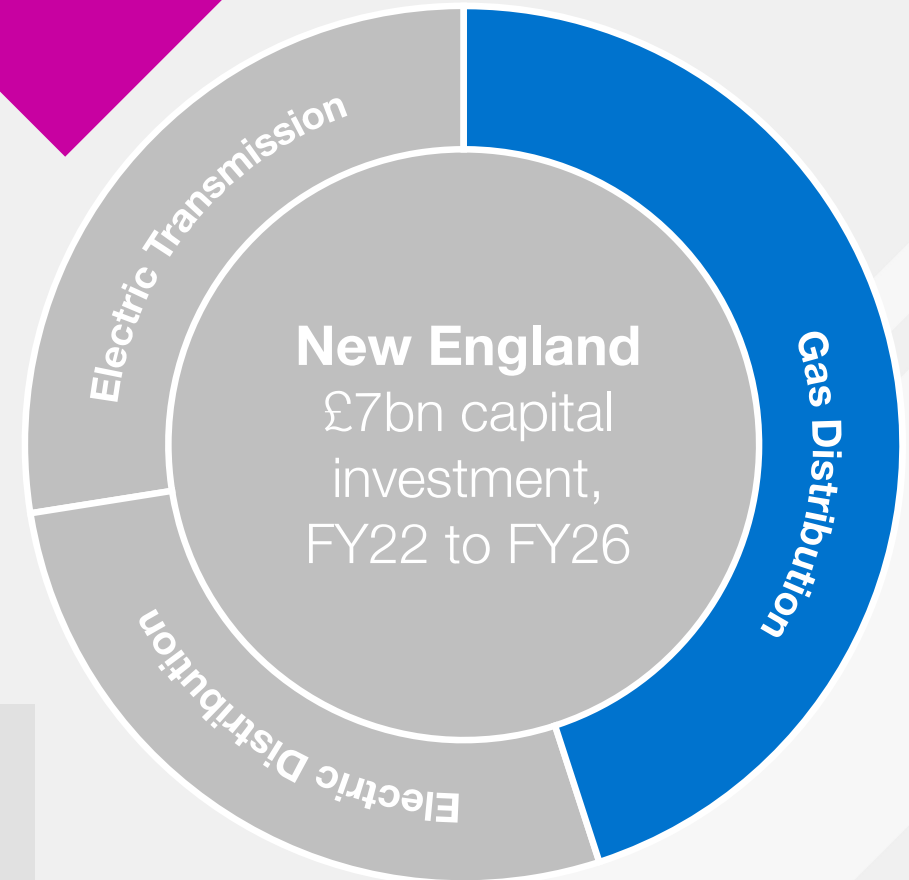
> 80% of ongoing investment to deliver **safe, reliable network**

Fully engaged in the **Future of Heat** debate



Filing company plan in March to support **State's climate goals**

£3bn
investment trend
to continue in
Massachusetts



Growth opportunities

Leak Prone Pipe (LPP) Replacement Work

Major part of ongoing gas capex

- > LPP accounts for **£2.6 billion** over the next five years
- > Ageing pipeline network
- > LPP program has been running **since 2012**
– another 15 – 20 years to go
- > We have **reduced CO₂ equivalent emissions** by
29,000 metric tonnes
- > Clean gas projects (Renewable Natural Gas and hydrogen) to support heat decarbonisation



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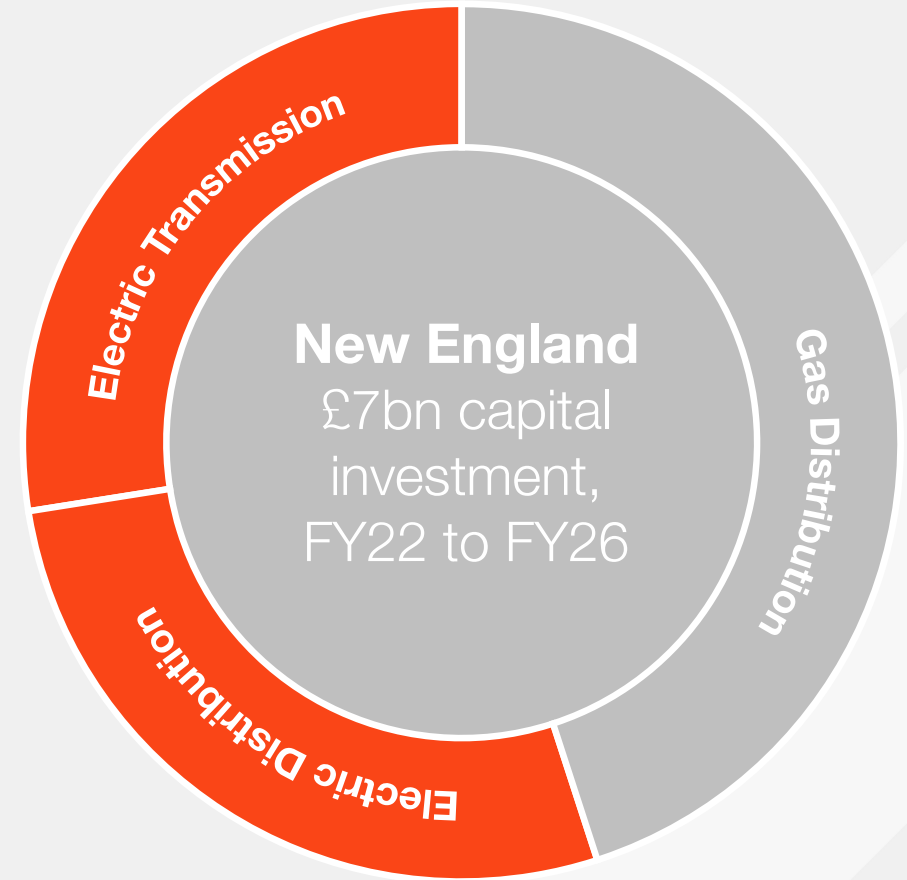
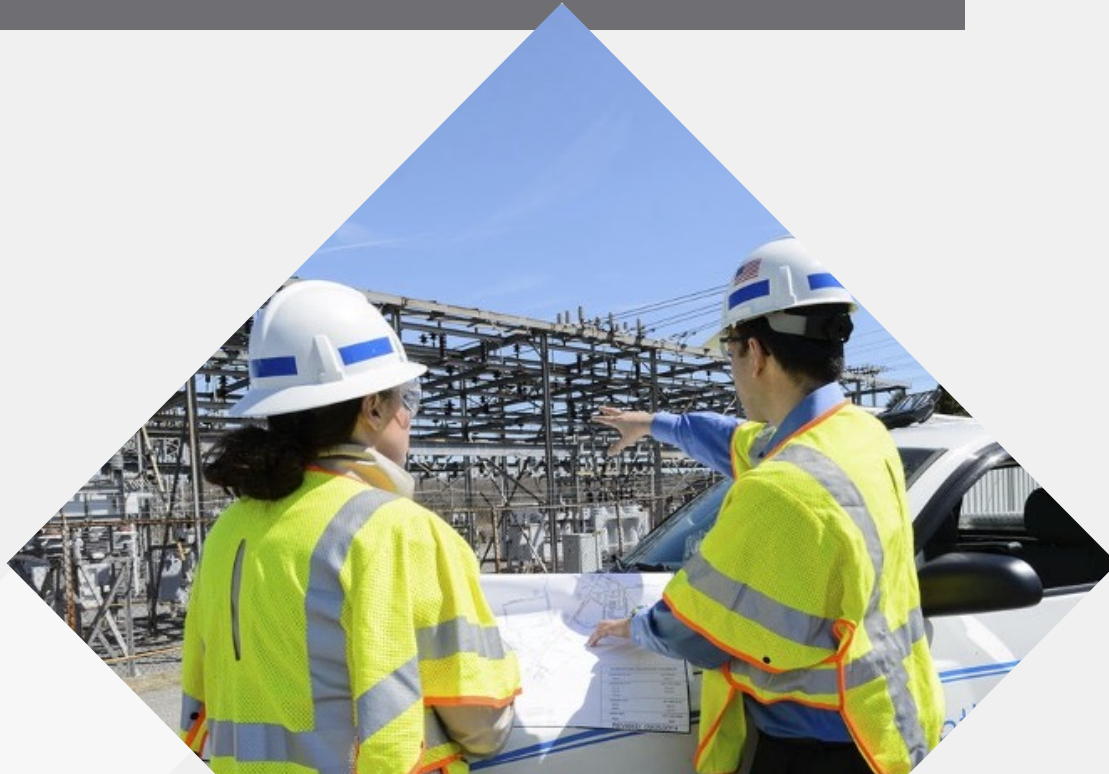
Growth opportunities

Electric Distribution and Transmission

Investing right now to enable the energy transition

➤ Strengthening our network to deliver **safe, reliable** and **cost-effective** service

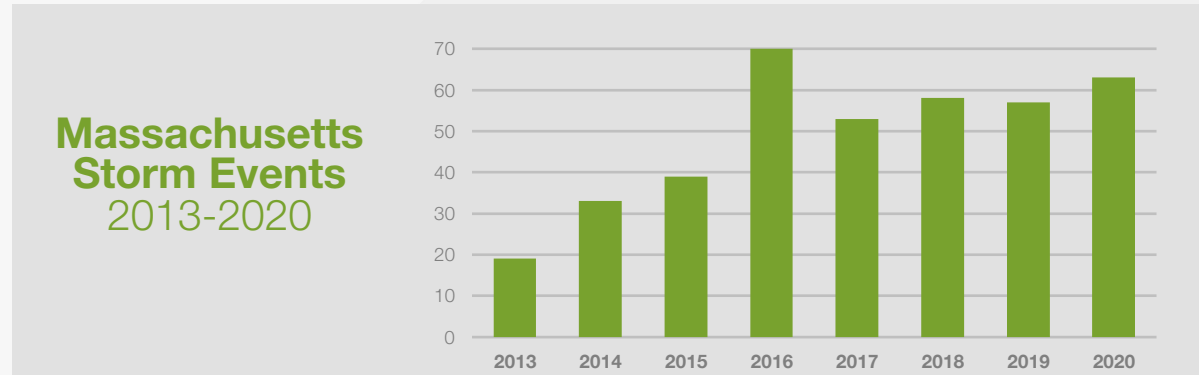
➤ Facilitating **electrification of state**



Growth opportunities

Electric Distribution and Transmission

Storm Hardening Network Reinforcements



> **73%** of our **18,000 miles** of distribution lines are **above ground**

Innovative and Digital Investment

From annual cycle of tree cutting...



...to using **Vegetation Management Optimisation (VMO)** tool to prioritise cutting



This means **less cutting**, and **lower costs** to deliver **reliability**



\$350m
spend annually on resiliency across transmission and distribution

Growth opportunities

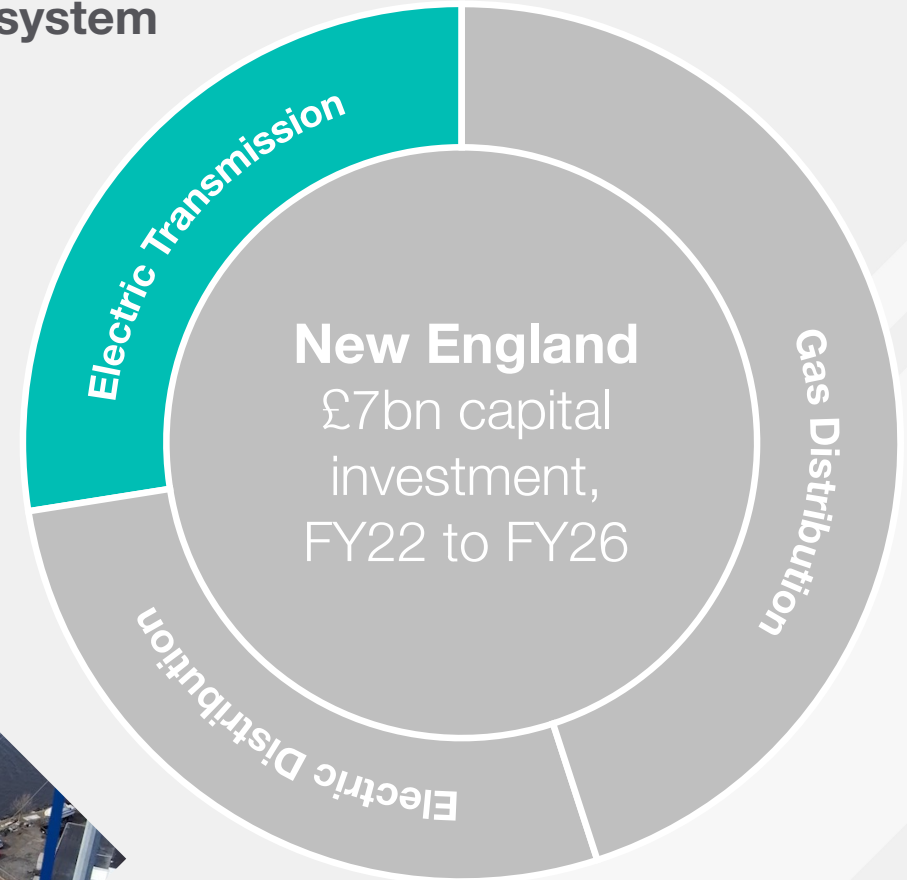
Electric Transmission

As part of overall **Transmission 10-Year Workplan**, there are key transmission projects planned to **reinforce the backbone of the transmission system**



5 key projects
~\$900m

171 miles
of transmission lines to be
reinforced



Growth opportunities

Electric Transmission

Major East to West Transmission Lines

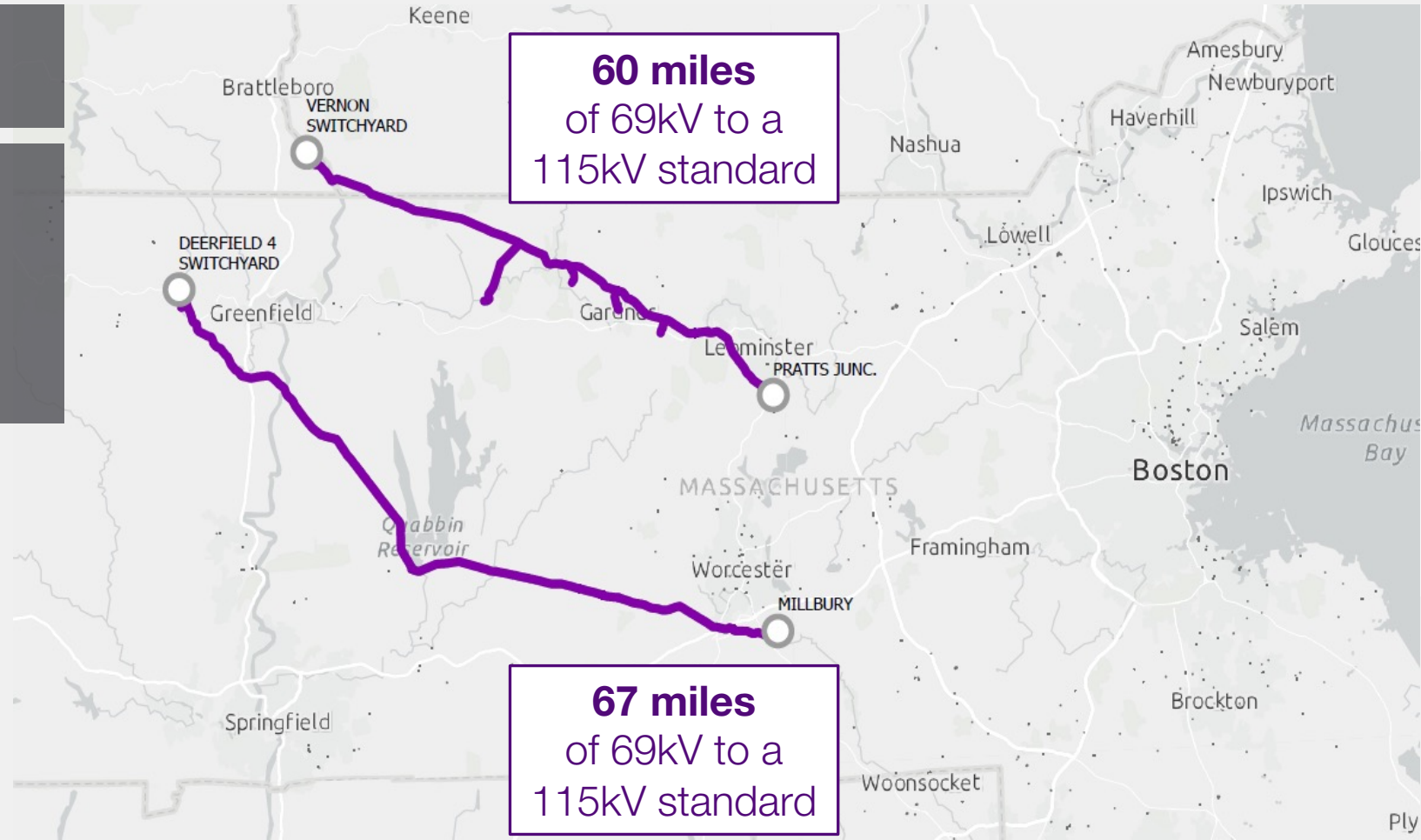


Replacement of 4 of the 5 x 69kV circuit projects in MA



Adding:

- Resiliency
- Digitalisation to the network
- Renewable Capacity



Growth opportunities

Enabling the network of the future – filings outside of our base rates



Grid Modernisation Program

- Reducing network losses
- Minimising demand
- AMI (Smart meter) infrastructure

\$700m
over 4 years

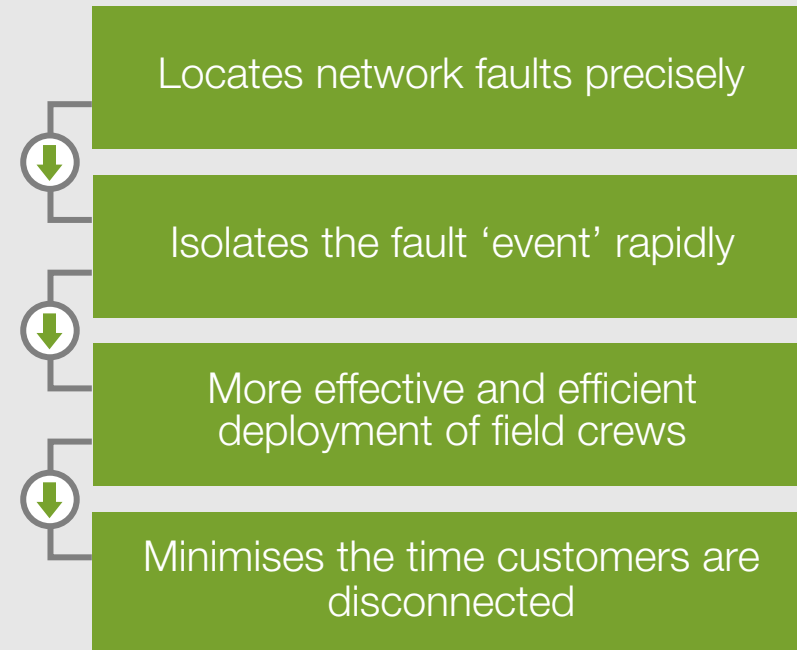
➤ Progress towards the Massachusetts grid clean energy modernization targets

➤ Significant investment opportunity for National Grid

➤ Awaiting regulatory approval in summer 2022

FLISR

Fault, Location, Isolation and Service Restoration Project



Plan to implement on **50%** of distribution circuits by 2031



Growth opportunities

Enabling the network of the future



Current progress

Phase I

➤ ~1,400 charging points installed under 'Make Ready Program'

➤ Performance Incentive Mechanism threshold of **680 stations** met (\$1m)

Phase II

➤ **500 customers** participating in off-peak charging program

➤ **133 EV participants** in Connected Solutions Program

New proposal

MA Phase III EV Proposal

➤ Filed 14th July – **\$275m**

➤ Largest NG group EV proposal

➤ To deploy more than **30,000 charging points**

➤ And:

- public, workplace residential upgrades
- as well as provide rebate for school buses

Delivering growth in New England

Investment driven by

Regulatory agreements

Growth opportunities

Efficiency programme



New England to target
£125m efficiency savings
over the next **3 years** to
deliver **flat, controllable**
costs



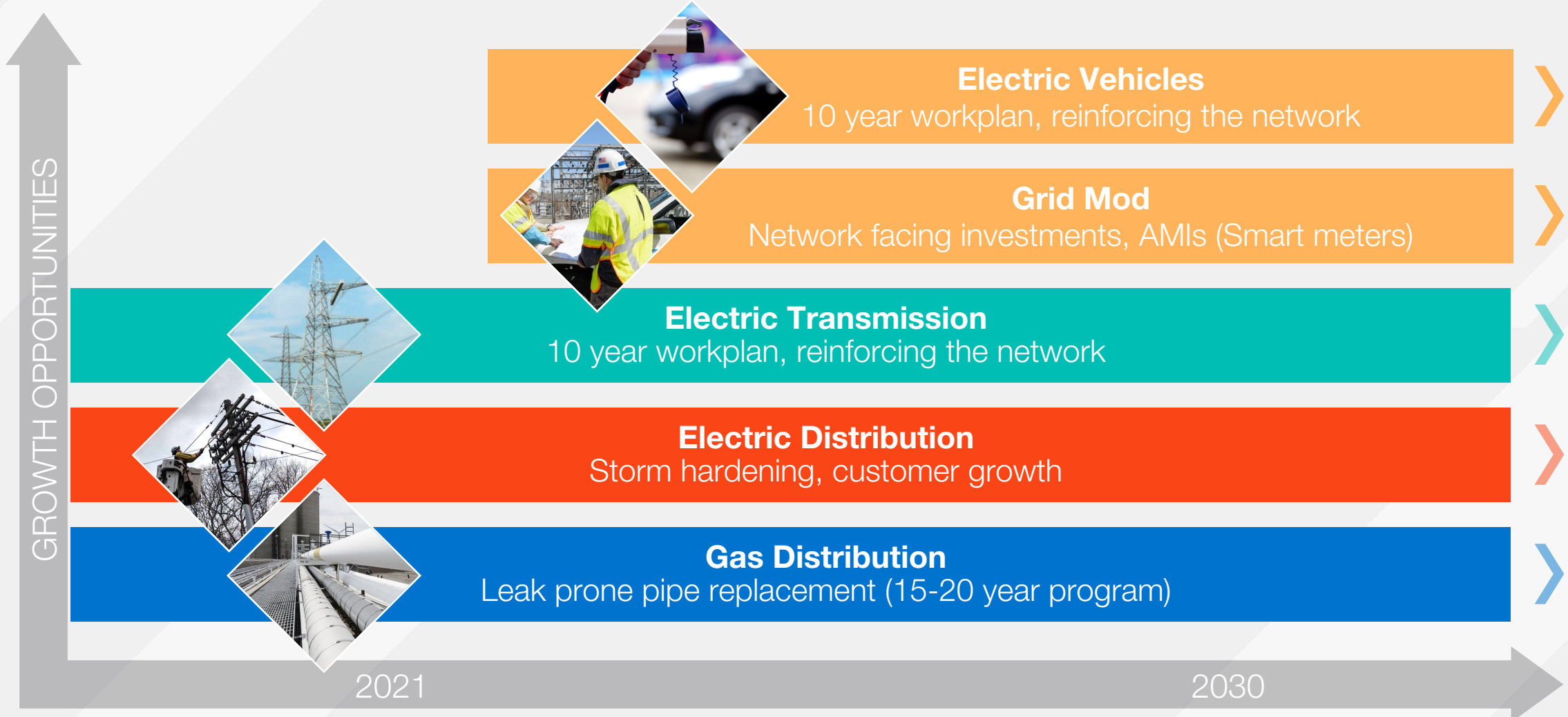
FY22 to FY26

Capex
\$10bn (£7bn)

Rate base growth
8% CAGR

Underlying profit growth
8% CAGR

A strong outlook – long term growth fundamentals



GROWTH OPPORTUNITIES

2021

2030